



**Interim Results Presentation**  
April 2015

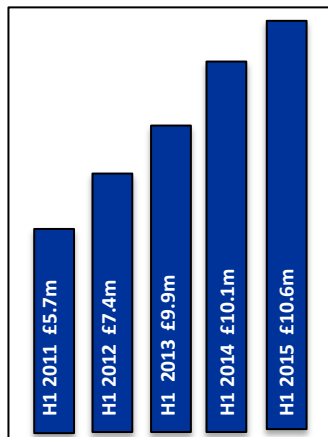
CEO: Tim Davies  
Group FD: Neil Austin

1	Introduction	Tim Davies, CEO
2	Financial results	Neil Austin, Group FD
3	Group strategic vision	Tim Davies, CEO
4	Divisional review	
5	Strategic delivery and future outlook	
6	Q&A	

- Revenue decreased 2.8% to £208.6m (H1 2014: £214.7m)
- EBITDA increased 4.9% to £12.3m (H1 2014: £11.7m)
- Pre-tax profit increased 5.4% to £10.6m (H1 2014: £10.1m)
- Adjusted EPS\* increased 11.5% to 8.7p (H1 2014: 7.8p\*\*)
- First interim DPS increased 8.8% to 0.925p (H1 2014: 0.850p\*\*)
- £26.0m net debt (£24.6m as at 30 August 2014)

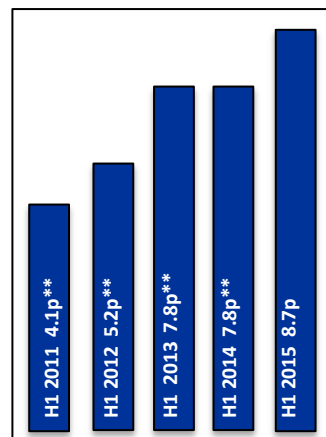
\* Adjusted EPS is after adding back amortisation of intangibles and non recurring items, e.g. acquisition related costs

\*\* Restated for the effect of the 10:1 share split in January 2015



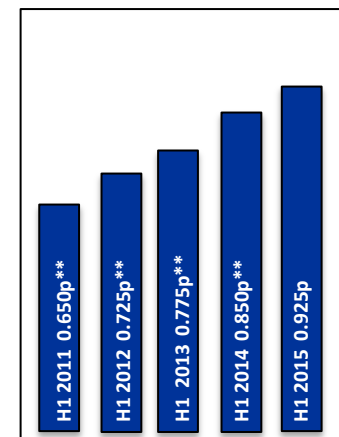
PROFIT BEFORE TAX

**£10.6m**



ADJUSTED EARNINGS PER SHARE

**8.7p**



FIRST INTERIM DIVIDEND PER SHARE

**0.925p**

	H1 2015 (£m)	H1 2014 (£m)	% Change
Segmental Revenue			
Agriculture	149.7	159.9	(6.4)
Food	41.7	44.8	(6.8)
Engineering	17.2	10.0	71.8
Other	-	-	-
<b>Total Revenue</b>	<b>208.6</b>	<b>214.7</b>	(2.8)
Segmental Operating Profit			
Agriculture	7.4	7.2	2.8
Food	1.7	1.5	17.7
Engineering	1.6	1.8	(12.9)
Other	(0.9)	(0.8)	
<b>Total Operating Profit (excluding retirement benefit)</b>	<b>9.8</b>	<b>9.7</b>	1.6
Retirement benefit	(0.2)	(0.4)	
Net finance costs	(0.6)	(0.7)	
Share of associate	0.9	0.9	
Share of JVs	0.7	0.6	
<b>Profit before tax</b>	<b>10.6</b>	<b>10.1</b>	5.4
EBITDA	12.3	11.7	4.9
EPS (p) – basic*	8.5	7.8	9.0
EPS (p) – adjusted*	8.7	7.8	11.5
Interest cover**	16.0	13.3	

\*Restated for the effect of the share split 10:1 in January 2015

\*\* Excluding associate/JVs

	At 28 February 2015 £m	At 30 August 2014 £m	Change %
Fixed assets	81.6	79.9	2.2
Net working capital	41.6	36.6	13.7
Assets employed	123.2	116.5	5.8
Pension surplus/(deficit)	1.2	2.1	
Net debt	(26.0)	(24.6)	5.7
Tax provisions	(3.8)	(4.2)	
Net assets	94.6	89.8	5.3
Gearing	27.5%	27.4%	

	H1 2015 £m	H1 2014 £m	Change %
EBITDA	12.3	11.7	4.9
Working capital changes	(4.4)	(5.9)	
Net interest	(0.6)	(0.7)	
Taxation	(1.6)	(0.7)	
Other	(1.5)	(0.7)	
Cash flow from operations	4.2	3.7	14.0
Capex	(2.2)	(3.3)	
Acquisitions	(1.2)	-	
Dividends	(2.3)	(2.2)	
Other	0.1	(1.3)	
Increase in net debt	(1.4)	(3.1)	

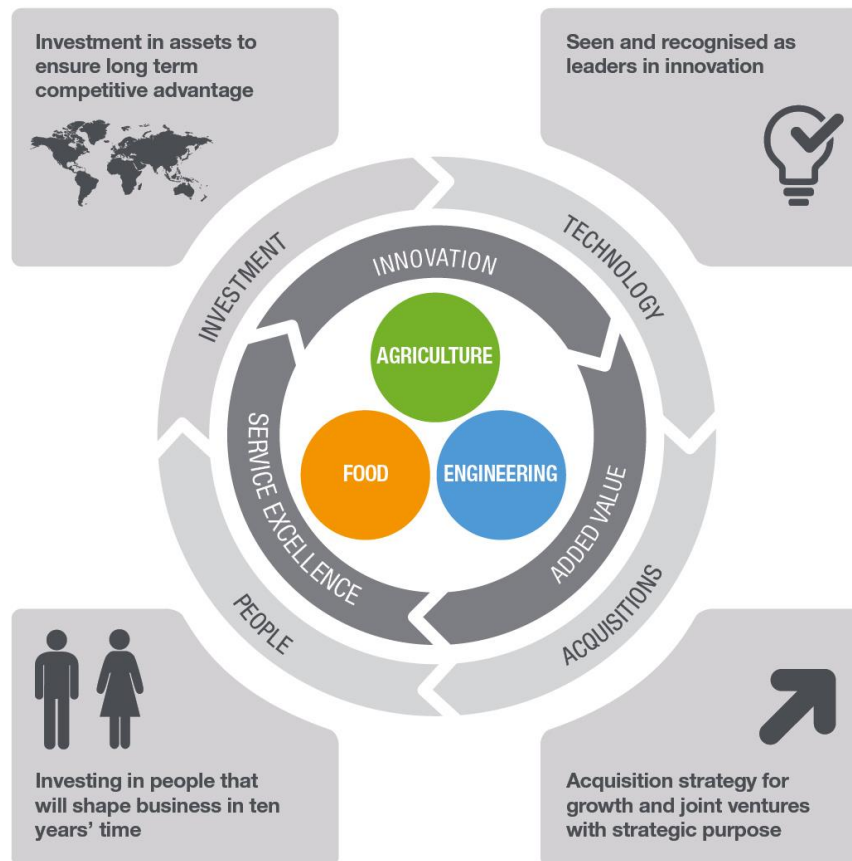
	Expiry	Facility £m	H1 2015 £m
Working capital facilities (UK)	12 month rolling/2019	38.0	12.4
Working capital facilities (US)	12 month rolling	1.0	0.3
Working capital facilities (EU)	12 month rolling	2.9	-
Term loans	2018/2019	5.4	5.4
Revolving credit facility	2017/2019	17.0	15.0
Other loans		1.0	1.0
Cash			(17.9)
		65.3	16.2
Finance leases			9.8
<b>Net debt</b>			<b>26.0</b>

### Key points:

- Acquisition of WM Nicholls: net cash paid £1.2m
- Working capital outflow lower than usual because of lower commodity pricing
- Borrowing headroom available for future growth

## Vision

To be recognised as a truly international business at the forefront of technology and innovation



## Performance

- Feed sales 1.8% increase year on year – increased market share
- Fuel sales 2.3% increase year on year – cross selling activities, market penetration
- Machinery sales 7.9% decrease year on year – national tractor sales down 28%
- Retail 8.3% increase year on year – investment in stores, product offer
  - Includes: animal health, milk replacers, feed blocks, plastics and clothing

## Investment

- Country Stores
  - 27 retail country stores: Derbyshire to Scotland
  - Last 2 years:
    - 9 upgraded stores
    - 6 new/relocated stores
    - £3.0m investment
    - 11.5% increase in sales
  - This year
    - Annan, Scotland – operational
    - Brock, Lancashire – operational
    - Selkirk, Scotland – opened March 2015
    - Rothbury, Northumberland – opening July 2015
  - Next year
    - Morpeth, Northumberland
    - Leek, Derbyshire
    - Guisburn, Lancashire





## Acquisitions

- B E Williams, Wales – agricultural merchant, £1.1m, July 2014
- Nicholls, Wales – agricultural merchant, £1.0m, October 2014

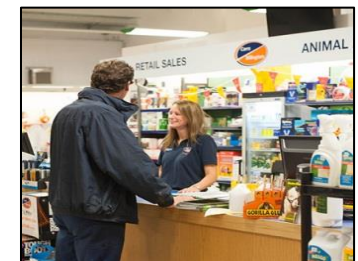
Integrated into the wider business and will be brought together as planned next year.

## Strategy

- Geographical expansion into areas where our offer is aligned with the market
- Strengthen the business within our current geography
- Lead in dairy nutrition in the UK – research, technical team and product development
- Develop new products and services through continued investment and research

## Outlook

- Milk quota finished 1 April 2015
- UK milk price impact – pressure on farm incomes
- Feed margin pressure localised
- Dairy market will expand over the long term
- UK farmers are becoming more technical and adopting new techniques
- Opportunities for acquisitions and consolidation



## Performance

- Overall sales volume growth 6.1% increase year on year (including JVs)
- US sales volume 12.3% increase year on year
- UK sales volume 5.7% decrease year on year
- Europe sales volume 8.1% increase year on year

## Investment

- Caltech and Scotmin, UK
  - Expansion of Scotmin manufacturing plant £750,000
  - New silos at Silloth £510,000
- Sioux City, Iowa, USA \$4.1m
  - Commissioned and sales building month on month
- Silver Springs, Nevada, USA \$3.8m
  - Investment in new manufacturing to enable branded product to be produced
- Crystalyx GmbH, Germany, investments
  - New high moisture block plant commissioned June 2015, €550,000
  - New warehouse in use €750,000
  - New poultry plant operational €50,000

## Research Focus

- Projects
  - Megastart® UK – colostrum quality and impact on performance
  - Early lactation dairy studies – Europe
  - FlaxLic® trials Kansas State University USA
  - Fertility trials Kansas State University USA
  - Piglyx® trials – UK



## Developments

- Megastart® and Quattro Mag® – UK
- FlaxLic® – USA
- Piglyx® – Europe
- Horslyx® – expansion into USA

## International Plans

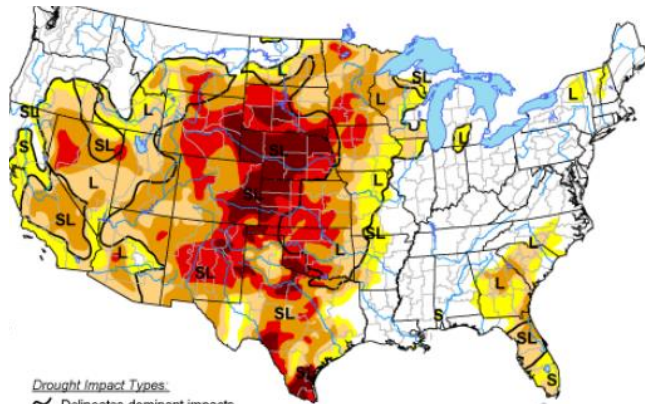
- Europe
  - Growth in France, Spain, Italy and Scandinavia
- New Zealand
  - Build new plant following sales growth, but delayed due to restructure in New Zealand partner's business
- Brazil
  - Business development manager in place
  - Farm trials being established
  - Partner being identified
- USA
  - New facilities providing further growth



- Severe drought through major beef producing states up to 2013
- Drought situation improved up to 2015
- The long term rebuilding of USA beef stocks has started
- High price of beef drives recovery

## USA Drought Monitor

12 March 2013



**Intensity:**

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

**Drought Impact Types:**

- ~ Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

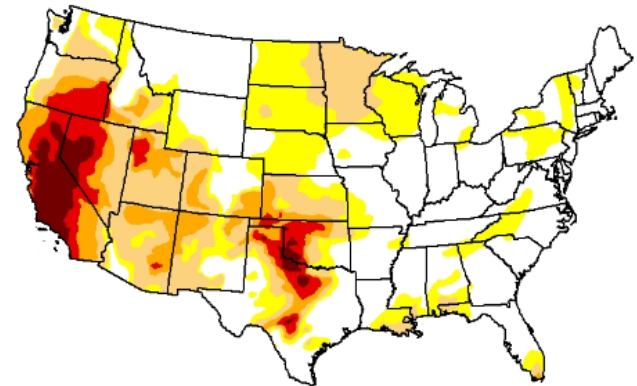
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



Released Thursday, March 14, 2013  
 Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC

24 March 2015



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- D3 Extreme Drought
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**Author:**

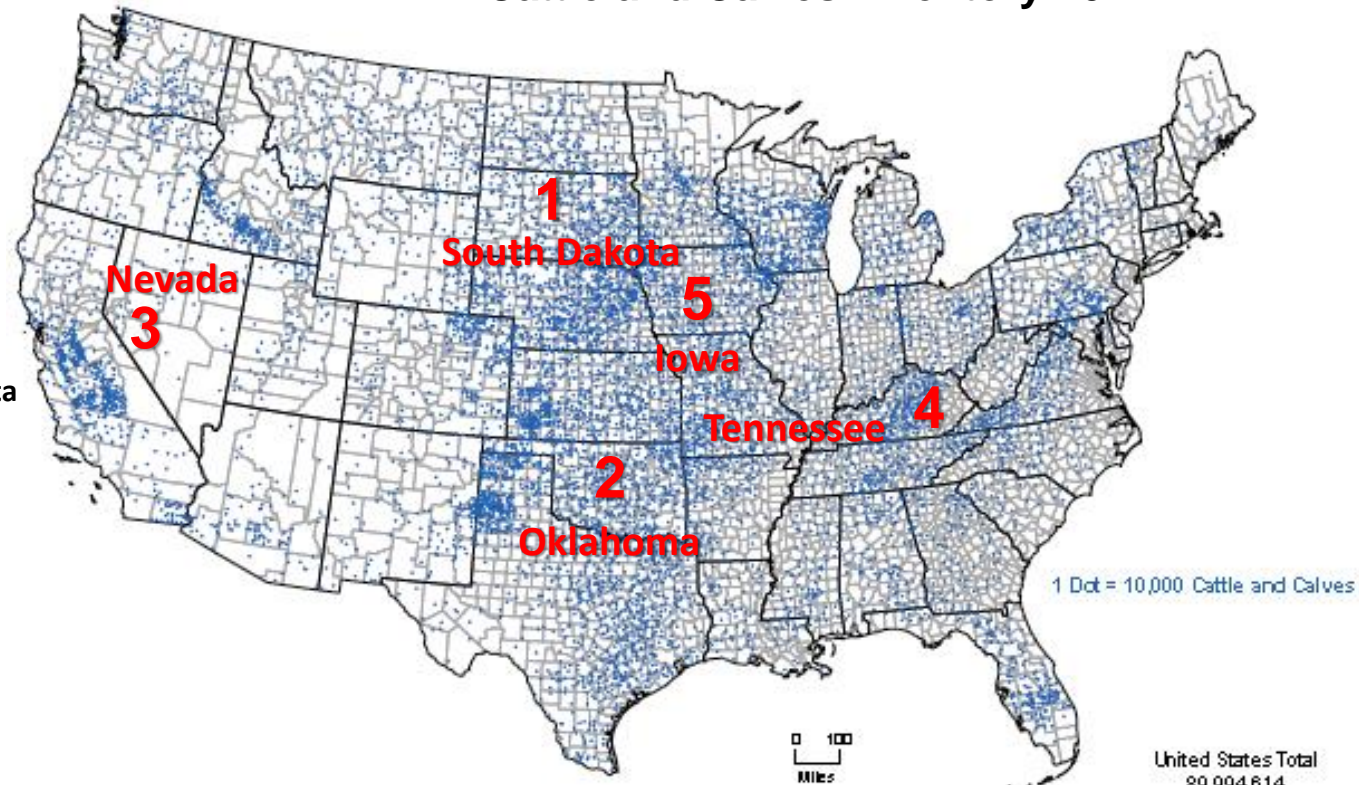
Eric Luebbehusen  
 U.S. Department of Agriculture



<http://droughtmonitor.unl.edu/>

- Strategic location of feed block plants near beef populations
- New feed block plants, Nevada **3**, Iowa **5** and Tennessee **4** all located near significant cattle populations

**Cattle and Calves Inventory 2012**



- 1** AFS, Belle Fourche, South Dakota
- 2** AFS, Poteau, Oklahoma
- 3** AFS, Silver Springs, Nevada
- 4** Gold-Bar Feed Supplements, Shelbyville, Tennessee (JV)
- 5** ACC, Sioux City, Iowa (JV)

AminoMax® is a unique patented protein bypass feed product for high performance dairy cows.

## UK

- 3.8% decrease in sales year on year impacted by dairy feeding regime changes
- Short term situation

## USA

- 28.6% increase year on year
- New investment in plant capacity and efficiency complete May 2015



## Performance

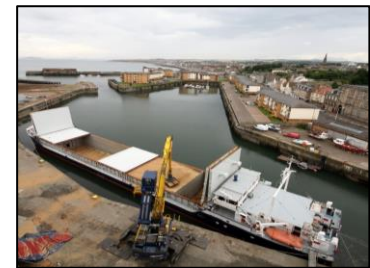
- Step change in financial performance of the Division continues
- Kirkcaldy improvements continue – operational efficiencies
- First half strong volumes – 6.1% increase year on year
- Quality of flour excellent
- Investment at Maldon in more ethnic flour production planned
- New redresser installed at Silloth

## Market

- Large UK wheat harvest
- Quality okay but proteins low
- Flexible sourcing of northern mills important
- Price volatile and base prices low
- Viability of ethanol plants uncertain in UK

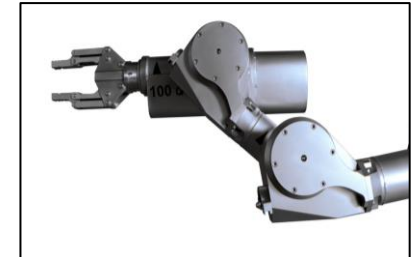
## Outlook

- More efficiencies to come from Kirkcaldy
- Long term contracts being negotiated with customers
- Concern over retail pressures flowing through to flour suppliers
- Maldon focuses on ethnic flours and niche markets



## Wälischmiller, Markdorf, Germany

- Performance in line with plan
- Investment
  - Showroom €800,000
  - New machines €277,000
- Demo 2000 – acceptance testing later this year
- UK nuclear opportunities developing
- Japan and Russian markets more challenging
- Telbot contribution recognised by the Japanese Society of Mechanical Engineers
- USA market – significant opportunity for growth
- Outlook – strong in medium term



## MSM, Swindon, UK

- Strong performance in first 6 months
- Life of plant contract continues to deliver
- New additional contract secured for 2015-2016 – £1.7m Sellafield
- Strong order book





## Bendalls, Carlisle, UK

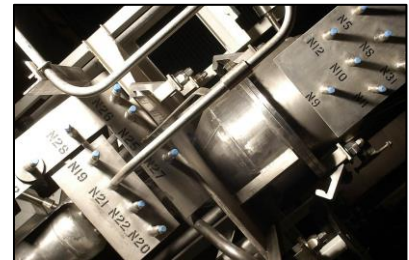
- New management team embedded and performing well
- Shah Deniz £9 million contract slow but now in full production, continues through to Spring 2016
- Nuclear outlook at Sellafield positive with new business won

## Chirton, North Tyneside, UK

- Decline in oil price has affected oil exploration customers
- Moving into nuclear market alongside Bendalls
- Factory move completed March 2015
- Synergies with other Carrs Engineering businesses being delivered
- Entered USA market – first order received



- Synergies
  - Chirton and Bendalls
  - Chirton and Wälischmiller
  - Bendalls and Wälischmiller
  
- New design and engineering business being built in Carlisle
  
- Focus on increased business starting to come out of Sellafield
  
- Joint full package bids now being made
  
- USA development
  - Seeking USA engineering acquisition opportunity or to establish Carrs Engineering presence in USA



- Record first half performance
- Strength of the global feed block brands delivers record sales
- Outstanding performance by USA feed block business
- Investment in UK retail Country Store network drives retail growth
- Evidence of recovery in UK nuclear industry
- Growth maintained in the Food Division
- Second half of year started well and trading in line with Board's full year expectations